

## Message Text

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PAGE 01 OTTAWA 07022 01 OF 02 040001Z  
ACTION EUR-12

INFO OCT-01 ISO-00 NSC-05 FEA-01 ERDA-07 AID-05 CEA-01  
CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-02 INR-07  
INT-05 L-03 NSAE-00 OMB-01 PM-05 OES-07 SP-02  
SS-15 STR-04 TRSE-00 ACDA-10 PA-02 PRS-01 CEQ-01  
EPA-04 IO-14 NSF-02 NSCE-00 SSO-00 USIE-00  
INRE-00 /126 W

-----071080 040024Z /64

O 032350Z AUG 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 4331

INFO AMCONSUL CALGARY

AMCONSUL HALIFAX

AMCONSUL MONTREAL

AMCONSUL QUEBEC

AMCONSUL TORONTO

AMCONSUL VANCOUVER

AMCONSUL WINNIPEG

UNCLAS SECTION 01 OF 02 OTTAWA 07022

PASS WHITE HOUSE/SCHLESINGER AND GOLDMAN, FEA FOR O'LEARY  
AND FPC

E.O. 11652: N/A

TAGS: ENRG, PGOV, SENV, CA

SUBJECT: CANADA ON EVE OF PIPELINE DEBATE: REACTION TO  
HILL AND LYSYK REPORTS

REF: TORONTO 1975

1. SUMMARY. REACTION TO LYSYK INQUIRY REPORT IS FAVORABLE,  
WITH AN UNDERCURRENT OF CONCERN THAT EXCESSIVE DEFERENCE  
TO NATIVE AND ENVIRONMENTAL QUESTIONS MAY BE PRICING  
CANADA OUT OF THE MARKET. STILL SPLIT BETWEEN WESTERN  
DEVELOPERS AND EASTERN ENVIRONMENTALISTS, THE PROGRESSIVE  
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PAGE 02 OTTAWA 07022 01 OF 02 040001Z

CONSERVATIVE (PC) PARTY IS LYING LOW AND WITHHOLDING  
COMMENT UNTIL TOMORROW'S DEBATE. NEW DEMOCRATIC PARTY  
(NDP) WELCOMED LYSYK RECOMMENDATIONS, WHICH IT SAYS  
MEET PARTY'S REQUIREMENTS FOR SAFEGUARDING CANADIAN  
NATIONAL INTERESTS. HARD-CORE OPPOSITION GROUPS IN YUKON  
ARE MOUNTING PROBABLY FUTILE LAWSUIT TO CHALLENGE NEB  
RECOMMENDATION OF ALCAN PROJECT. END SUMMARY.

2. POLITICAL PARTIES:

A. PC PARTY, REFLECTING PAST LACK OF FIRM POSITION ON PIPELINE ISSUE, HAS SO FAR MADE NO PUBLIC COMMENT ON LYSYK OR HILL REPORTS. PC CAUCUS MET TODAY (AUGUST 3) TO DISCUSS PARTY'S STANCE DURING AUGUST 4-5 DEBATE.

B. NDP, HOWEVER, HEAPED PRAISE ON LYSYK REPORT. NDP LEADER ED BROADBENT SAID AUGUST 2 THAT HIS PARTY IS DELIGHTED WITH RECOMMENDATION OF LYSYK INQUIRY FOR DELAY TO 1981 OF ALCAN CONSTRUCTION START-UP. BROADBENT SAID IN INTERVIEW THAT HIS PARTY HAS SUPPORTED IN PRINCIPLE FOR OVER A YEAR PROPOSALS FOR PIPELINE THROUGH YUKON TO MOVE ALCAN GAS SOUTH TO U.S., BUT PARTY FELT MORE TIME WAS NEEDED TO SETTLE AND START TO IMPLEMENT NATIVE LAND CLAIMS. AT SAME TIME CANADA SHOULD DO WHATEVER POSSIBLE TO COOPERATE WITH U.S. NEIGHBORS. "LYSYK RECOMMENDATIONS PROVIDE FOR ALL OF THESE POSSIBILITIES," BROADBENT SAID. BROADBENT BELIEVES DELAY IS REASONABLE AND CALLED ON PRIME MINISTER TRUDEAU TO ACCEPT IT. HE SAID EVIDENCE SHOWS U.S. WILL NOT NEED ALASKAN GAS UNTIL 1985, A DATE THAT COULD BE MET IF GOC ACCEPTS LYSYK'S RECOMMENDATIONS.

C. GOVERNMENT, WHICH INTENDS TO TAKE NEUTRAL STANCE IN DEBATE, HAS NOT COMMENTED ON LYSYK REPORT.  
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PAGE 03 OTTAWA 07022 01 OF 02 040001Z

3. PRESS:

A. PRESS DEVOTED EXTENSIVE, DETAILED COVERAGE TO HILL AND LYSYK REPORTS. REPORTING WAS BALANCED AND FACTUAL. EDITORIAL COMMENT GENERALLY SUPPORTED POSITION THAT BOTH INQUIRIES MAKE CONVINCING CASE THAT ALCAN PROJECT, UNDER SPECIFIC CONDITIONS, CAN BE BUILT WITHOUT UNACCEPTABLE ENVIRONMENTAL DAMAGE OR PREJUDICE TO NATIVE LAND CLAIMS. TORONTO GLOBE AND MAIL EDITORIAL SAID LYSYK REPORT DEMONSTRATES REFRESHING, HARD HONESTY. LYSYK INQUIRY DID NOT GO "LYRICAL" LIKE BERGER OR "POLITICAL" LIKE NEB. RATHER, PANEL MEMBERS ADDRESSED FACTS OF PIPELINE "LIKELY TO BE BUILT AND PROVIDED RECOMMENDATIONS FOR DOING JOB WITH LEAST DAMAGE POSSIBLE." OTTAWA JOURNAL CHARACTERIZED HILL REPORT AS "ENCOURAGING BUT CAUTIOUS." THRUST OF JOURNAL EDITORIAL, TITLED "NO TIME FOR FAINT HEARTS," WAS THAT CANADIANS SHOULD NOT BE INTIMIDATED BY PROBLEMS AND COMPLEXITIES OUTLINED IN INQUIRY REPORTS BUT SHOULD MOVE AHEAD WITH CONSTRUCTION HAVING "CONFIDENCE IN THE COUNTRY'S ABILITY TO GET THE PIPELINE BUILT WITHOUT SACRIFICING ENVIRONMENTAL, SOCIAL OR OTHER

VALUES." TORONTO STAR EDITORIAL PRAISED LYSYK REPORT AND CALLED FOR INCREASED CANADIAN GAS EXPORTS TO THE U.S. NOW TO TAKE PRESSURE OFF U.S. ADMINISTRATION TO BUILD EL PASO. (REFTEL PROVIDES FULL TEXT.)

B. COLUMNISTS TENDED TO PLAY UP IRONIES AND CONTRADICTIONS IN SUCCESSION OF REPORTS BEGUN BY BERGER. MONTREAL STAR BUSINESS COLUMNIST W.A. WILSON, EXPRESSED UNEASINESS OVER ULTRA-CAUTIOUS COURSE CANADA HAS FOLLOWED ON PIPELINE ISSUE. HE SAID "IT IS ONE THING TO BE CAREFUL ABOUT GREAT UNDERTAKINGS BUT ANOTHER ONE ALTOGETHER TO FEAR THEM AND A SENSE OF FEARFULNESS HAS BEEN CLEARLY EVIDENT AS ONE INGREDIENT IN THIS LONG

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PAGE 01 OTTAWA 07022 02 OF 02 040007Z  
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UNCLAS SECTION 02 OF 02 OTTAWA 07022

STUDY PROCESS." CHARLES LYNCH OF SOUTHAM NEWS SERVICE, A SEVERE CRITIC OF BERGER REPORT, ATTACKED LYSYK REPORT WITH EQUAL VIGOR. HE SAID LYSYK PANEL SEEMS TO BELIEVE CANADA HOLDS HIGH CARDS IN NORTHERN PIPELINE GAME AND U.S. WILL ACCEPT "ANY DEGREE OF OBSTRUCTION, DELAY AND OBFUSCATION THAT WE CHOOSE TO IMPOSE." LYSYK THUS OVERLOOKS EL PASO OPTION WHICH "IF ANYTHING SHOULD ENSURE ITS ADOPTION, LYSYK REPORT WOULD SEEM TO DO IT."

CITING NEB RECOMMENDATION OF DAWSON RATHER THAN ALASKA  
HIGHWAY ROUTE AND LACK OF KNOWLEDGE OF DEMPSTER LINK,  
OTTAWA CITIZEN'S JOHN GRAY WAS STRUCK BY "ABSURD IRONY"  
THAT NORTHERN GAS PIPELINE IDEA HAS BEEN STUDIED AT  
GREATER LENGTH AND AT GREATER EXPENSE THAN ANY SIMILAR  
PROJECT IN CANADIAN HISTORY, YET IT LOOKS LIKE "WE ARE  
GOING TO END UP WITH A PROJECT ABOUT WHICH WE KNOW  
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PAGE 02 OTTAWA 07022 02 OF 02 040007Z

ALMOST NOTHING.

C. CONSIDERABLE PLAY WAS GIVEN TO REPORTS FROM WASHINGTON  
SAYING THAT DELAY RECOMMENDED BY LYSYK INQUIRY WOULD  
IMPROVE CHANCES OF PRESIDENT APPROVING EL PASO.

D. ELECTRONIC MEDIA PARALLELED EXTENSIVE COVERAGE IN  
PRESS. LYSYK REPORT WAS COVERED BY ALL MAJOR TV NET-  
WORKS AND CBC RADIO. COMMENTARY STRESSED PROBLEMS  
CREATED FOR U.S. BY LYSYK CONDITIONS, NOTING THAT USG  
MIGHT AS RESULT GO FOR EL PASO.

4. PIPELINE OPPONENTS: YUKON CONSERVATION SOCIETY,  
MEMBER OF NO PIPELINE NOW CONSORTIUM OF PUBLIC INTEREST  
GROUPS WHICH PARTICIPATED IN BOTH NEB AND LYSYK HEARINGS,  
WILL APPEAL NEB RECOMMENDATION OF ALCAN PROJECT IN  
VANCOUVER FEDERAL COURT. APPEAL WILL BE BASED ON  
CONTENTION THAT NEB EXCEEDED ITS JURISDICTION IN RECOM-  
MENDING PIPELINE ROUTE THAT ALCAN CONSORTIUM HAD NOT  
APPLIED FOR OFFICIALLY. OTHER PUBLIC INTEREST GROUPS  
CONSIDERED APPEALING NEB DECISION BUT LACKED FUNDS TO  
DO SO. COMMENT: GOC COULD, IF IT CHOOSES LEGISLATE  
APPROVAL OF ALASKA HIGHWAY PIPELINE PROJECT AND BYPASS  
BOTH NEB RECOMMENDATIONS AND COURT CHALLENGE. ENDERS

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## Message Attributes

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**To:** STATE  
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**Review Markings:**  
Margaret P. Grafeld  
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